



DEFENDANT'S EXHIBIT	
CASE NO.	C04-0360P
EXHIBIT NO.	485

Resp to Costco RFP
8290

liquor stores on reservations to sell untaxed liquor to state residents. Arrests of customers buying this liquor off the reservation, and confiscations of the contraband liquor, continued in the vicinity of all such reservations. Various court activities in the dispute continued, but at year end there was no clear resolution of the problem.

Trade-Practice Violations

The manufacturers, importers, and wholesalers division concentrated enforcement activities in the area of "tied-house" laws and regulations, which severely restrict inducements which manufacturers, importers or wholesalers may bring to bear on the retail trade in order to enhance liquor sales. Tied-house arrangements early in this century were perceived as a root of widespread alcohol abuse, attendant social ills, and an aide in creating the "wide-open" atmosphere, which in its turn helped bring on the public reaction which culminated in Prohibition. In fiscal 80, major fines were assessed for tied-house violations. At year-end, final disposition had not been made of some of the more major cases in this area.

Liquor Revenue

Revenues derived from state sale of spirituous liquor, wines, and strong beers have climbed steadily over the last 46 years, relieving the general taxpayer of a significant tax burden each year, and contributing heavily to state, city, county and school programs.

Revenue from the state liquor control system reached over 121.6 million dollars in fiscal year 1980. Including liquor sales, license fees, and all other operations, a net of 51.6 million dollars was returned, to relieve the taxpayer of a comparable tax burden. Sales taxes of 70 million dollars brought the total liquor revenue in fiscal 1980 over 121.6 million dollars.

When computed on the basis of residents old enough to consume liquor, the state liquor control system produced a return to the government of \$45.26 per person.

Financial Summary For Fiscal Year Ending June 30, 1980

		Percentage Increase Over FY 1979
Gross Sales.....	\$304,067,214.92	+7.96
Net Revenue.....	\$51,556,049.62	+3.46
Sales Tax Collected.....	\$70,050,206.20	+5.64
Total Revenue from Liquor Control		
Board Operations.....	\$121,606,255.82	+4.70
Total for Distribution to State, County and City Governments.....	\$118,097,931.62	+2.95

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Distribution of Revenues

The following five pages contain illustrations which have proved most helpful to those studying the financial operations of the Washington State Liquor Control Board.

They are grouped this year for handy reference.

Figure one uses an old-fashioned "cream separator" to illustrate how this fiscal years revenues were distributed.

Figure two shows the amount, in gallons, of alcoholic beverages sold in Washington over the past ten years.

Figure three shows the ten-year distribution of liquor revenue in millions of dollars.

Figure four uses a sample bottle to show how the price is arrived at, and where each portion of the revenue goes.

Figure five shows the sale, in wine gallons, of alcoholic beverages by year from 1935 to the present year.